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Appendix

This Appendix includes Table 6-1, referenced on page 136.

Dean Baker is Co-Director of the Center for Economic and Policy Research (CEPR) in Washington, D.C., which he founded in 1999 with Mark Weisbrot. His areas of research include housing and macroeconomics, intellectual property, Social Security, Medicare, and European labor markets. He is the author of several books, including *Getting Back to Full Employment: A Better Bargain for Working People* (with Jared Bernstein), *The End of Loser Liberalism: Making Markets Progressive*, *The United States Since 1980*, *Social Security: The Phony Crisis* (with Mark Weisbrot), and *The Conservative Nanny State: How the Wealthy Use the Government to Stay Rich and Get Richer*. His blog, *Beat the Press*, provides commentary on economic reporting. He received his B.A. from Swarthmore College and his Ph.D. in Economics from the University of Michigan.

* * *

[1] See also Weissman (2016), Iacono (2016), Worstall (2016), Lane (2016), and Zakaria (2016).

[2] As explained in the next chapter, this view is not exactly correct, but it's what you're supposed to believe if you adhere to the mainstream economic view.

[3] There can be modest changes in employment through a supply-side effect. If the trade deal increases the efficiency of the economy, then the marginal product of labor should rise, leading to a higher real wage, which in turn should induce some people to choose work over leisure. So the trade deal results in more people choosing to work, not an increased demand for labor.

[4] For those worried about brain drain from developing countries, there is an easy fix. Economists like to talk about taxing the winners, in this case developing country professionals and rich country consumers, to compensate the losers, which would be the home countries of the migrating professionals. We could tax a portion of the professionals' pay to allow their home countries to train two or three professionals for every one that came to the United States. This is a classic win-win from trade.

[5] The loss of manufacturing jobs also reduced the wages of less-educated workers (those without college degrees) more generally. The displaced manufacturing workers crowded into retail and other service sectors, putting downward pressure on wages there.

[6] As a technical matter, the Federal Reserve Bank of New York is a private bank. It is owned by the banks that are members of the Federal Reserve System in the New York District.

[7] The modest jump to 18.9 percent in 2012 is due to the tax increase put in place in 2013. Many high-income earners arranged to have income show up in 2012 rather than 2013

so that they would pay a lower tax rate on it. This shifting also explains the drop in the 1 percent's share in 2013, since some income from that year showed up in 2012.

[8] The situation is somewhat different in Western Europe, which has seen more of a shift from labor income to capital income. Piketty intended his work to be a general theory of capitalist development, so the different experience of European countries is important for his thesis. Nonetheless, a theory that explains rising inequality through increasing shares of income going to capital is not appropriate as an explanation of trends in the United States over the last four decades. The one exception, which does not especially help Piketty's case, is that there has been a notable rise in rental income as a share of national income throughout this period. This is primarily owners' equivalent rent, the imputed value of rent for owner-occupied housing.

[9] Actually, there is an important exception. When the economy is below full employment then our counterfeiter would be doing a public service. In that situation, we need increased demand in the economy. Ideally, the government would take responsibility for boosting demand and would increase spending in areas like infrastructure and education that provide benefits to the country as a whole. But if the government was unwilling to take steps to boost demand, then the counterfeiter would be providing a public service. His personal spending patterns may not be the best way to boost demand and create jobs, but it does have this positive effect.

[10] Data on recent trends in TANF spending can be found in CBO (2015a).

[11] Probably some of the exaggerations on the size of the budget devoted to TANF or other programs helping poor

people stem from a racist desire to blame the poor, who are disproportionately minorities, for the country's problems. However, the percentage of people in polls who seriously overestimate the relative importance of these programs is far larger than the percentage that could plausibly be directly driven by racist views. In fact, given the overall support for these programs, many of the people who have exaggerated views of their size must nonetheless support them.

[12] Margaret Sullivan, the former public editor of The New York Times, took the paper to task for reporting large numbers without any context. She convinced David Leonhardt, then the Washington editor, that reporting numbers in context should be standard practice at the Times (Sullivan 2013). Unfortunately, it seems that little has changed. It is still possible to read articles on the budget and other topics in which numbers are expressed in a way that will be meaningless to the vast majority of Times readers.

[13] These data come from Center on Budget and Policy Priorities (2016), which offers a fuller description of the program.

[14] For examples of some of these tactics see Levitt (1993).

[15] Twenty-six states now have work-sharing programs as part of their unemployment insurance systems, including several large states like California and New York. However, the take-up rate on these programs has been low. Most employers are not even aware that support for work sharing exists as an alternative to layoffs. In addition, the programs tend to be overly bureaucratic and in many cases have not been modernized since they were first put in place at the end of the 1970s or early 1980s.

[16] There is less of an issue of fixed costs in cases where the employers' contribution for health insurance is pro-rated based on the number of hours a worker puts in or based on annual pay. While pro-rating benefits is becoming increasingly common, this is a relatively new development. Through most of the post-World War II era, pro-rating benefits was rare.

[17] One frequently used method is to adjust payments on multiyear projects, like a highway or airport, in order to meet a fiscal target. Another mechanism that can be used to circumvent fiscal rules is deferred compensation payments, like defined benefit pensions. These liabilities are generally treated as payments in the years they are actually made rather than for the years in which the liability was accrued. If a pension is properly funded, the annual payments into the pension fund will be sufficient to cover the eventual liability, but there have been a number of state and local governments that have not made sufficient payments, effectively adding to the state's debt even while it could be reporting a balanced budget.

[18] M2 is a relatively narrow definition of the money supply that counts money in savings and checking accounts and physical bills in existence. At the time, it was the preferred target for most supporters of a money supply rule.

[19] It is often claimed by Obama administration officials that China refuses to make any concessions on the value of its currency. This is difficult to believe. Currency values don't raise issues of fundamental sovereignty, like China's claim to Taiwan. Furthermore, China has indicated its intention to further raise the value of its currency and shift to a more domestically oriented growth path. It already has done this to a substantial extent, reducing its trade surplus from 10.0

percent in 2007 to 2.7 percent in 2015 (IMF 2016). In effect, the demand from the United States would be that China pursue this route somewhat more quickly than it may have planned.

[20] This figure includes both employee compensation and proprietors' income in finance, insurance, and real estate as well as corporate profits in finance and insurance. The number would be slightly higher if we were to include corporate profits from real estate.

[21] The size of the sector was calculated from BEA (2016) by taking the lines for compensation in the securities and commodities trading industry and also investment funds and trusts (Table 6.2D, lines 59 and 61 for 2015 and Table 6.2B, lines 55 and 59 for 1970). The calculation attributes income in the financial sector from proprietorships (Table 6.12D, line 14 for 2015 and Table 6.12B, line 14 for 1970) and corporate profits (Table 6.16D, line 12 for 2015 and 6.16B, line 12 for 1970) in proportion to the narrower trading sector's share of employee compensation to employee compensation in the financial industry as a whole.

[22] There is a possibility that some people view trading as a form of recreation like casino gambling. This discussion assumes that the bulk of trading is not done for recreational purposes.

[23] Burman et al. (2016) includes a useful table (Table 3) showing the impact of tax rates on the rate of return for different holding periods.

[24] Matheson (2011) has a good summary of the research on the relationship between trading costs and volatility.

[25] These figures are obtained from BEA (2016) by dividing total employee compensation (Table 6.2B, lines 55 and 59, and Table 6.2D, lines 59 and 61) by the number of full-time equivalent workers in the sector (Table 6.5B, lines 55 and 59, and Table 6.5D, lines 59 and 61).

[26] In 2013, a one-year terminal subscription sold for \$24,000 (Seward 2016).

[27] The potential for a nationwide drop in house prices stemmed from an unprecedented run-up in prices, which was easy to see from publicly available data. See, for example, Baker (2002).

[28] The figure for defined contribution plan assets is from Federal Reserve Board (2015).

[29] For example, Steven Rattner, an investment fund manager who later oversaw the bailout of the auto industry in the Obama administration, agreed to make a payment of \$6.2 million to the Securities and Exchange Commission (Gallu et al. 2010) for allegedly making payoffs to gain control of a portion of New York State's pension funds.

[30] As of end of first quarter 2015; Federal Reserve Board (2015), Flow of Funds Table L.117, line 25.

[31] The calculation for the United States is taken from the Centers for Medicare and Medicaid Services, National Health Care Expenditures Historical Data for 2013 (CMS 2014). Net insurance expenditures from private insurers are taken from Table 4; insurance payments from Table 2. The estimate for administrative costs in Canada is taken from Woolhandler et al. (2003).

[32] The enormous costs associated with the collapse of the bubble can be blamed in large part on the recklessness of the financial industry. Competent regulators could have stopped the growth of the bubble. It can be argued that the power of the financial industry prevented regulators from acting, but this is at best only part of the story. Almost no economists saw the bubble and recognized the danger it presented prior to its collapse. This failure applies not only to economists who had ties to the financial industry, but to the majority who did not.

[33] These sorts of deceptive practices are not restricted to financial companies. For example, Verizon charges customers without a calling plan around \$3.50 per minute for calls to most European countries (Verizon 2016). Since these calls can be made for a few cents a minute on most calling cards, it is unlikely that anyone would ever spend more than two or three minutes on a call at these rates. However, Verizon does not inform customers of the cost at the time they place their call.

[34] There would be issues of international coordination and coordination of state and federal income taxes. (Presumably state governments could also require some percentage of non-voting shares. Of course, these issues of coordination exist under the current system as well.)

[35] There are other estimates of waste in the financial sector that are substantially higher. For example Epstein and Montecino (2016) put the cost at almost \$1 trillion a year.

[36] Pharmaceutical companies have sought to place extraordinary restrictions on the use of low-cost drugs in developing countries. For example, Gilead Sciences, the patent holder on Sovaldi, authorized a generic version for Egypt. However, a condition of this license is that the

government carefully police the distribution of the generic. Patients are supposed to pick up the drug themselves, and open the container and take the first pill in the presence of the pharmacist selling the drug. See McNeil (2015).

[37] This calculation assumes that the patent trolls' litigation costs are equal to the defendants' (\$5 billion). It then assumes that the \$10 billion in litigation costs involving trolls accounts for 60 percent of total litigation costs.

[38] This suggestion goes directly counter to the thrust of recent trade agreements, which have sought to create uniformity in patent duration and enforcement across sectors.

[39] In an extreme case, ASCAP, the recording rights organization, once requested that the Girl Scouts pay fees for singing copyrighted songs at their campfires. See Bumiller (1996).

[40] See, for example:
<https://www.thirdlight.com/articles/dam-cost>.

[41] See, for example: <https://webdam.com/blog/true-costs-of-copyright-infringement/>.

[42] See: <http://abcnews.go.com/US/supreme-court-lets-verdict-stand-recording-industry-case/story?id=18765909>.

[43] See: http://www.ipoeef.org/?page_id=30 and <http://arstechnica.com/gadgets/2006/10/8044/>.

[44] Some studies have found large implicit subsidies for patents in the chemical industry, raising an argument for treating chemicals the same way as pharmaceuticals and

medical equipment. However, because chemicals are mostly sold as an intermediate good, they do not raise the same set of issues as pharmaceuticals and medical equipment.

[45] Some patients don't take drugs due to their costs, resulting in adverse health outcomes. A recent study found substantial negative health effects of drug copayments in Canada among older people, even though the expected payments were relatively limited compared to what most patients would face in the United States. See Anis et al. (2005).

[46] The deadweight loss represents the potential benefits that patients would have received from taking the drug, who did not do so because they had to pay the patent-protected price rather than the free market price.

[47] The \$450 billion is taken from BEA (2016), Table 2.4.5U, line 120. It increases the 2015 figure by 9.5 percent, the same increase as occurred between 2014 and 2015. The calculations assume a constant elasticity of substitution consumption function.

[48] These calculations would understate the loss substantially insofar as the price declines are uneven. In effect, the assumption in the calculations is that the price of all drugs declines by 80 percent or 90 percent. The Food and Drug Administration (FDA) puts the reduction in the price of brand drugs in a mature generic market at more than 90 percent (FDA 2015). While many drugs are already available as generics, even these would often see large price declines in a free market. Some generics have the benefit of the six-month period of exclusivity as the first generic in the market. Also, in many cases generic manufacturers will still face licensing fees of various types, even if the main patent on a drug is no longer applicable. On the other side, the

price decline for the most expensive drugs may be in excess of 99 percent. Using averages would understate the loss. Taking these differences into account would almost certainly lead to a larger measure of deadweight loss.

[49] Pharmaceutical companies are often major funders of organizations established as support groups for victims of specific diseases and their families. These support groups are often encouraged to lobby insurers and the government to pay for expensive drugs sold by the sponsoring pharmaceutical company. See, for example, Nuñez (2006).

[50] The Public Interest Research Group compiled a list of 20 of the most important cases of this sort of pay for delay; see U.S. PIRG (2013).

[51] See, for example:
<http://www.investopedia.com/ask/answers/052215/who-are-gilead-sciences-gild-main-competitors.asp>.

[52] The United States and many other countries now allow for the patenting of a new use for an existing drug; however, there are still likely to be limits to the extent to which this might provide incentives for researching new uses of a drug. If it turned out that a common drug, like aspirin, was an effective treatment for some other condition, it would be very difficult to keep people from using the cheap generic versions for the newly discovered treatment, even if it violated the patent.

[53] All the arguments made above on pharmaceuticals would also apply to research to develop medical equipment.

[54] This discussion pursues the logic of directly funded research. There have been several proposals for creating a prize system for buying out patents and placing them in the

public domain. While a prize system would have enormous advantages over the current system, most importantly because drugs would be available at their free market price, it shares some of the major drawbacks with the current patent system. Mainly, it would still encourage secrecy in the research process, because companies would have the same incentive as they do now to prevent their competitors from gaining the benefit of their research findings. The awarding of prizes may also prove problematic. The company that manages to patent a drug may not be the one responsible for the key scientific breakthroughs responsible for its development. In principle, prizes could be awarded for important intermediate steps, not just achieving a final endpoint, but this is likely to make the prize process complicated and contentious.

[55] It would be necessary to have some system of international coordination so that the United States was not funding research for the whole world. This would presumably involve some payments scaled to GDP, with richer countries paying a larger share of their income. While there would undoubtedly be some problems working through such a system, the current system of imposing patent and related protections on U.S. trading partners has been quite contentious.

[56] The use of private drug companies also has a potentially valuable benefit from a political economy standpoint. There is no reason that the existing pharmaceutical companies could not bid for public research money, as long as they are prepared to abide by the conditions placed on this funding. This means that insofar as they are efficient in their conduct of research, they would be able to continue to exist and profit on this sort of system. This should reduce their political opposition to an alternative funding mechanism. But insofar as their expertise is

primarily in marketing rather than developing drugs, they would run into difficulties under this alternative system.

[57] Copyleft is a type of copyright developed by the Free Software Movement, under which a copyrighted software can be freely used as long as any derivative software is also put in the public domain subject to the same condition. See: <https://www.gnu.org/licenses/copyleft.en.html>.

[58] This is the sort of issue that would be examined in periodic reviews of contractors. Excessive delays by a contractor in posting findings on an ongoing basis would be grounds for revoking the contract. Contractors would also be held responsible for the behavior of any subcontractors, which would also be bound by the requirement to post findings in a timely manner.

[59] This is not a comment on the actions of the U.S. military; it is simply noting its technological capabilities.

[60] With some drugs the price may be high not because the compound itself is subject to patent protection but because one of the inputs is. The implicit assumption in this discussion is that the inputs would also be in the public domain because they would have been produced with public funding.

[61] Even these calculations don't fully capture the potential benefits from selling drugs in a free market. Centers for Medicare and Medicaid Services (CMS) projects that private insurers will pay just over \$150 billion for prescription drugs and medical equipment in 2016. With insurance expenses averaging more than 20 percent of benefits paid out, a fall in these combined payments of \$100 billion would imply savings of more than \$20 billion in the administrative costs of insurers.

[62] These calculations are based on CMS projections of spending on prescription drugs. Data from the Bureau of Economic Analysis (BEA) show spending levels that are more than 30 percent higher. A calculation of savings based on BEA spending levels would therefore be correspondingly higher.

[63] Some information on individuals may have to be put into categories (e.g., age ranges rather than specific ages) in order to preserve the anonymity of patients. With rare diseases, these categories may have to be fairly broad, but it will still be possible to disclose more information than is currently available.

[64] This calculation comes from taking the \$194.6 billion estimate for the net cost of administering health insurance in 2014 from CMS (2014), national health expenditures data for 2014 (Table 2), and dividing it by \$796.4 billion, the CMS estimate for 2014 payments by insurance companies after subtracting administrative expenses (Table 3).

[65] Dechezlepretre et al. (2016) provide evidence on the effectiveness of the R&D tax credit as currently structured in promoting research spending.

[66] The structure of the tax as well as the estimate of the cost can be found in CBO (2015b).

[67] This calculation counts 50 percent of the spending in the category “navigational, measuring, electromedical, and control instruments” as being health related.

[68] The \$5 billion estimate of defendants’ litigation costs in suits initiated by NPEs is multiplied by four to include the

plaintiffs' expenses and to account for the cost of lawsuits that do not stem from NPEs.

[69] This is not entirely accurate, because a portion of the current credit goes to firms in the health care sector.

[70] This calculation assumes that the number of patents issued each year is constant.

[71] There is risk that law firms given the responsibility for enforcing copyleft patents could act like patent trolls. But the opportunities for public accountability and the option of non-renewal of contracts should limit this risk.

[72] There was a major debate in the 1990s around the introduction of digital audio recorders. In response to lawsuits, the major manufacturers agreed to include locks to prevent duplication of copyrighted material. See, for example:
<https://partners.nytimes.com/library/tech/98/10/cyber/cyberlaw/16law.html>.

[73] The CBO estimated the size of this subsidy at \$40.9 billion for 2006 (CBO 2011). Adjusting for the growth of the economy would put it at \$54 billion in 2016. This is likely an understatement, since the tax rate for high-income taxpayers rose from 35 percent to 39.6 percent in 2013. As a result, a contribution of the same dollar amount would imply a substantially larger tax subsidy in 2016 than it did prior to 2013.

[74] The Bureau of Labor Statistics (BLS) estimated the number of people employed as reporters in 2015 in print, broadcast, and Internet journalism at 44,360. The average annual pay was \$50,700; the median was \$37,700 (BLS 2016b). Fully supporting their pay through the creative work

tax credit would require roughly \$2.2 billion of revenue from the credit. Of course, newspaper and broadcast outlets require other support personnel as well. However, even in the absence of copyright protection it would still be possible to charge for print versions of newspapers or other publications and for advertising, even if the fees would be lower for material that could be duplicated.

[75] BEA (2016), Table 2.4.5U, line 67. This spending does not correspond exactly to college textbooks because it refers to “educational books,” a category that can include some other books that are not college texts.

[76] Because the funding might also be used to finance updates of existing texts, the number of discrete books published through this system might be somewhat lower.

[77] Calculation is based on data from 990 Forms filed with IRS.

[78] The football coach would pose a problem. This is discussed later in the chapter.

[79] The calculation of Yahoo’s value is complicated by the fact that it owns a substantial stake in Alibaba, the Chinese Internet retailer, and Yahoo Japan, which is a separate publicly traded company. Most of the value of the traded stock is derived from these assets, not the value of the company managed by Mayer.

[80] This discussion works from the assumption that the duty of the corporation is maximizing returns to shareholders. This is a debatable issue, but is accepted as the standard framing in this chapter. The argument is that corporations are not currently being run in ways that best serve the shareholders.

[81] The foundation president is generally not the highest-paid person at the foundation. In most cases the top-paid person is the chief investment or financial officer. In the case of the Getty Trust, the treasurer and chief investment officer earned \$1.6 million in 2014. The high pay for investment officers reflects the extent to which pay in finance is out of line with pay in the rest of the economy.

[82] The story is little changed if a foundation or university has an endowment that provides a substantial portion of the executive's income. If not for the tax exemption, the original contribution would have been substantially smaller, which would make the current year income smaller by the same percentage.

[83] Alternatively, if the money is from an estate, the heirs saved 40 percent of this money on their estate tax.

[84] There are exceptions, with prominent foreign physicians generally able to get licensed to practice in the United States, but the typical doctor practicing in Europe or Canada would not have the option to practice in the United States without completing a U.S. residency program.

[85] The structure of the income tax, which taxes capital income at a lower rate than labor income, gives professionals who own their own practice an incentive to have labor income appear as capital income.

[86] The evidence for the impact of specialists on outcomes is mixed. A review of published work on the benefits of specialists found that, in 13 papers with 33 clear findings, 16 showed positive benefits from the use of specialists, 14 showed no effect, and three showed negative impacts.

[87] Individual income tax filings is another area that provides a considerable amount of often unnecessary work for lawyers. It should be possible for the IRS to calculate the returns of most low- and moderate-income workers and send the completed forms back to the taxpayer for approval. This is the practice in several European countries. Adopting this approach would radically reduce the need for tax consultants and for lawyers to challenge the work of these consultants.

[88] There is evidence that a larger number of lawyers per capita is associated with slower economic growth. Magee et al. (1989) found that more students of law (a proxy for lawyers) was associated with slower growth.

[89] Average pay for lawyers in the United States is taken from Winston et al. (2011, p. 27), where the figure of \$191,000 for 2000 was adjusted upward by the CPI for 2014. This is an average for lawyers in law firms, so it is likely higher than the average for all lawyers. On the other hand, it is likely missing the earnings of many of the most highly paid lawyers who are senior partners who may report earnings as capital income. For this reason, it is not clear that the number is necessarily too high. The number of licensed lawyers is from the ABA (2013). Since the data on international comparisons is limited, the number calculated for the “savings with no gap” column is based on the 49.0 percent wage premium calculated by Winston et al. (2011).

[90] The study did examine two outcome measures to look for evidence of quality being affected by the substitution of nurse practitioners for doctors, although neither would seem conclusive. One was infant mortality rates, which showed no change associated with the increased prescribing authority of nurse practitioners. The other was malpractice premiums for doctors, which also did not rise in states with greater

authority given to nurse practitioners. This finding is not necessarily compelling since the ability to win a malpractice case against a doctor depends on the responsibilities assigned doctors relative to nurse practitioners in a specific state. If an error by a nurse practitioner, operating without a doctor's supervision, leads to harm for a patient, it is presumably more difficult to win a malpractice suit against the doctor than if the nurse practitioner were operating under the doctor's oversight.

[91] Developing countries face the risk of a brain drain if a large portion of the professionals emigrate to the United States or other wealthy countries. This could be countered by refunding a portion of the gains, for example, the income tax on the earnings of immigrant doctors, to the home country. Such a rule would allow for the training of several professionals for every one that comes to the United States.

[92] Not all the research finds that licensing leads to a pay premium. Some research has found a relatively small premium for licensing that went away altogether in some specifications (e.g., Gittleman and Kleiner 2013).

[93] There are exceptions, with prominent foreign physicians generally able to get licensed to practice in the United States, but the typical doctor practicing in Europe or Canada would not have the option to practice in the United States without completing a U.S. residency program.

[94] The projection for the total number of doctors practicing in the United States in 2025 (860,000) is taken from Dill and Salsberg (2008).

[95] Issues connected with medical travel are discussed in Matoo and Rathindran (2006).

[96] From SSA (2014a) and (2015a).

[97] There is already an agreement for Social Security benefits under which other countries integrate their programs with the U.S. Social Security system. This way, benefits for people who worked in other countries are adjusted for the benefits they receive from the United States. This is described on page 12 of SSA (2015a).

[98] See: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Age-and-Gender.html>.

[99] CMS (2010), Table 1; share of the population from SSA (2015b).

[100] The projection for per capita spending on Medicare in 2035 is taken from CMS (2015). These projections run through 2024. Real per capita costs were assumed to grow at the same rate after 2024 (2.1 percent annually) as they did from 2023 to 2024. The numbers were deflated to 2013 dollars using the CPI-U.

[101] Per capita Medicaid costs were obtained by taking 2010 per capita spending for Medicaid beneficiaries over age 65 from CMS (2010), Table 10, and projecting the same rate of increase in real per capita costs as for Medicare.

[102] In some states the sample size is too small to provide a reliable estimate.

[103] This is an area that seems ripe for a new business that could use trained paralegals to handle the necessary legal documents for a house closing at a fraction of the cost charged by lawyers.

[104] It is also true that few people have any clear idea of the actual rate of inflation in the economy. Most people are not following economic statistics closely. Their perception of inflation will be determined by the prices that they happen to see. And, it is also likely that rising prices will have more of an impact on their perceptions than stable or falling prices, so a jump in the price of milk or gas will stand out, even though the prices of most other items might be stable or falling (Federal Reserve Bank of New York 2010).

[105] The private equity billionaire Peter Peterson has devoted a substantial portion of his wealth to supporting organizations that promote fears of budget deficits. This list includes the Concord Coalition, Fix the Debt, the Committee for a Responsible Federal Budget, and others.

[106] The federal government set aside money for the modernization of the program and provided subsidies to states to use work sharing (Baker and Woo 2012).

[107] There is also reason to believe that taking the benefits of productivity growth in leisure rather than income will have environmental benefits (Rosnick 2013).

[108] The prospects of London in the post-Brexit era may provide insights into the plight of a financial center after the industry has been downsized. London is virtually certain to lose jobs in the financial industry under a Brexit, but it remains to be seen whether the net effect will be positive or negative for people not working in the industry. While the media are reporting declines in house prices as bad news, the opposite is true for Londoners (or potential Londoners) who don't own a house or condo. The prospect of lower rent and the possibility of paying less for a house in the future is unambiguously good news for them.

[109] Illinois' law can be found in Illinois General Assembly (2015).

[110] Doctors Without Borders is already engaged in a process along these lines with its Drugs for Neglected Diseases Initiative (<http://www.dndi.org/>). While this project has produced an enormous return on the money invested, it is explicitly targeted on diseases that primarily afflict poor people in the developing world. Therefore, it does little to affect thinking on the process of drug development in wealthy countries.

[111] This idea was suggested to me by Jamie Love, the director of Knowledge Ecology International.